

BROOKSTOWN PLACE PARTNERSHIP, ALPIC**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT****DECEMBER 31, 2010 AND 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **NOV 09 2011**

BROOKSTOWN PLACE PARTNERSHIP, ALPIC

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INDEPENDENT AUDITORS' REPORT

To the Partners

BROOKSTOWN PLACE PARTNERSHIP, ALPIC

We have audited the accompanying balance sheets of BROOKSTOWN PLACE PARTNERSHIP, ALPIC as of December 31, 2010 and 2009, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BROOKSTOWN PLACE PARTNERSHIP, ALPIC as of December 31, 2010 and 2009, and the results of its operations, changes in partners' equity (deficit) and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information presented on pages 17 and 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bond & Tousignant, LLC

Monroe, Louisiana

February 22, 2011

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 72,638	\$ 55,065
Accounts Receivable - Tenants	1,411	806
Prepaid Expenses	2,400	2,400
Total Current Assets	<u>76,449</u>	<u>58,271</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Replacement Reserve Escrow	13,921	6,251
Tenants' Security Deposits	18,644	17,347
Operating Deficit Reserve	25,224	25,106
Real Estate Tax and Insurance Escrow	7,382	3,169
Total Restricted Deposits and Funded Reserves	<u>65,171</u>	<u>51,873</u>
PROPERTY AND EQUIPMENT		
Buildings	4,432,207	4,432,207
Land Improvements	232,385	232,385
Furniture and Equipment	135,235	135,235
Total	4,799,827	4,799,827
Less: Accumulated Depreciation	(401,653)	(265,705)
Net Depreciable Assets	4,398,174	4,534,122
Land	55,460	55,460
Total Property and Equipment	<u>4,453,634</u>	<u>4,589,582</u>
OTHER ASSETS		
Tax Credit Fees	18,150	18,150
Financing Fees	71,340	71,340
Total	89,490	89,490
Less: Accumulated Amortization	(10,834)	(7,015)
Net Amortizable Assets	78,656	82,475
Total Other Assets	<u>78,656</u>	<u>82,475</u>
TOTAL ASSETS	<u>\$ 4,673,910</u>	<u>\$ 4,782,201</u>

The accompanying notes are an integral part of these financial statements.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

LIABILITIES AND PARTNERS' EQUITY

	<u>2010</u>	<u>2009</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 33,791	\$ 1,484
Accrued Interest Payable	5,809	5,838
Prepaid Rent	1,000	1,085
Current Portion of Long-term Debt	5,293	4,935
Total Current Liabilities	<u>45,893</u>	<u>13,342</u>
DEPOSITS		
Tenants' Security Deposits	<u>17,867</u>	<u>17,347</u>
Total Deposits	<u>17,867</u>	<u>17,347</u>
LONG-TERM LIABILITIES		
Mortgage Payable	986,291	991,584
Deferred Developer Fees	274,943	274,943
Asset Management Fees Payable	4,000	-
Total Long-Term Liabilities	<u>1,265,234</u>	<u>1,266,527</u>
Total Liabilities	<u>1,328,994</u>	<u>1,297,216</u>
PARTNERS' EQUITY		
Partners' Equity (Deficit)	<u>3,344,916</u>	<u>3,484,985</u>
TOTAL LIABILITIES AND PARTNERS' EQUITY	<u>\$ 4,673,910</u>	<u>\$ 4,782,201</u>

The accompanying notes are an integral part of these financial statements.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
REVENUE		
Tenant Rents	\$ 233,856	\$ 229,035
Less: Vacancies & Loss to Lease	(19,206)	(16,165)
Less: Rental Concessions	(6,917)	(696)
Late Fees, Deposit Forfeitures, etc.	3,978	3,245
Total Revenue	<u>211,711</u>	<u>215,419</u>
EXPENSES		
Maintenance and Repairs	47,723	45,472
Utilities	3,287	1,248
Administrative	33,252	36,680
Management Fees	13,910	12,151
Taxes	18,713	19,998
Insurance	21,378	12,932
Interest	69,869	71,381
Depreciation & Amortization	139,767	139,649
Total Expenses	<u>347,899</u>	<u>339,511</u>
Income (Loss) from Rental Operations	<u>(136,188)</u>	<u>(124,092)</u>
OTHER INCOME AND (EXPENSES)		
Interest Income	119	147
Entity Expense - Partnership & Asset Management Fees	(4,000)	(4,000)
Total Other Income (Expense)	<u>(3,881)</u>	<u>(3,853)</u>
Net Income (Loss)	<u>\$ (140,069)</u>	<u>\$ (127,945)</u>

The accompanying notes are an integral part of these financial statements.

BROOKSTOWN APARTMENT PARTNERSHIP, ALPIC
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	GENERAL PARTNER		LIMITED PARTNER	
	Partners-for-		Alliant Tax	
	Progress		Credit	
	Development		46, LLC	
	Company, LLC		Alliant MT	
			46, LLC	
Total				
Partners' Equity (Deficit), January 1, 2009	\$	3,276,227	\$	(19) \$ 3,276,265
Contributions		340,117		- 340,117
Net Income (Loss)		(127,945)		(13) (127,919)
Withdrawals		(3,414)		- (3,414)
Partners' Equity (Deficit), December 31, 2009		3,484,985		(32) 3,485,049
Contributions		-		- -
Net Income (Loss)		(140,069)		(14) (140,041)
Withdrawals		-		- -
Partners' Equity (Deficit), December 31, 2010	\$	3,344,916	\$	(46) \$ 3,345,008
Profit and Loss Percentages		100.00%		0.01% 99.98%

The accompanying notes are an integral part of these financial statements.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ (140,069)	\$ (127,945)
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	139,767	139,649
(Increase) Decrease in:		
Accounts Receivable	(605)	4,838
Prepaid Expenses	-	1,202
Real Estate Tax and Insurance Escrow	(4,213)	(3,169)
Increase (Decrease) in:		
Accounts Payable	32,307	(895)
Management Fees Payable	-	(2,726)
Accrued Interest Payable	(29)	(26,973)
Prepaid Rent	(85)	1,085
Net Security Deposits Received (Paid)	(777)	2,401
Net Cash Provided (Used) by Operating Activities	<u>26,296</u>	<u>(12,533)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	-	(14,385)
Deposits to the Replacement Reserve	(7,670)	(6,251)
(Increase) Decrease in Operating Deficit Reserves	(118)	(25,106)
(Increase) Decrease in Financing Fees	-	(13,840)
Net Cash Provided (Used) by Investing Activities	<u>(7,788)</u>	<u>(59,582)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (Decrease) in Developer Fee Payable	-	(121,803)
Increase (Decrease) in Asset Management Fee Payable	4,000	-
Proceeds from Mortgage Payable	-	1,000,000
Principal Payments on Long-Term Debt	(4,935)	(3,481)
Principal Payments on Construction Loan	-	(1,119,970)
Withdrawal by Partner	-	(3,414)
Contributions from Partners	-	340,117
Net Cash Provided (Used) by Financing Activities	<u>(935)</u>	<u>91,449</u>

The accompanying notes are an integral part of these financial statements.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Net Increase (Decrease) in Cash and Cash Equivalents	17,573	19,334
Cash and Cash Equivalents, Beginning of Year	<u>55,065</u>	<u>35,731</u>
Cash and Cash Equivalents, End of Year	<u>\$ 72,638</u>	<u>\$ 55,065</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 69,898</u>	<u>\$ 98,354</u>

The accompanying notes are an integral part of these financial statements.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE A – ORGANIZATION

Brookstown Place Partnership, ALPIC, (the Partnership) was organized in 2005 as a limited partnership to develop, construct, own, maintain, and operate twenty-five single-family homes intended for rental to persons of low and moderate income. These homes are located on various sites in Baton Rouge, Louisiana and are collectively known as Brookstown Place Subdivision (the Complex). Each home has qualified and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42) which regulates the use of the homes as to occupant eligibility and unit gross rent, among other requirements. The major activities of the Partnership are governed by the Amended and Restated Articles of Partnership in Commendam, including amendments (Partnership Agreement) and are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the state housing finance agency. Such administrative directives, rules, and regulations are subject to change by federal and state agencies.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The financial statements of the Partnership are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flow, cash and cash equivalents represent unrestricted cash and all highly liquid and unrestricted debt instruments purchased with a maturity of three months or less.

Cash and Other Deposits

The Partnership has various checking, escrow, and other deposits at several financial institutions. Accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At December 31, 2010, the Partnership had no uninsured deposits.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or moved out are charged with damages or cleaning fees if applicable. Tenant receivable consists of amounts due for rental income, security deposit, or the charges for damages and cleaning fees. The Partnership does not accrue interest on the tenant receivable balances. Bad debts are treated as direct write-offs in the period management determines that collection is not probable. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Capitalization and Depreciation

Land, buildings, improvements and equipment are recorded at cost. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations. Estimated useful lives used for depreciation purposes are as follows:

Buildings	40 years
Land Improvements	20 years
Furniture and Equipment	10 years

Amortization

Mortgage costs are amortized over the term of the mortgage loan using the straight line method.

Organization costs are expensed as incurred.

Tax credit monitoring fees are amortized over the fifteen year Low-Income Tax Credit Compliance period, using the straight-line method.

Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Income Taxes

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than their carrying amounts, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2010 and 2009.

Subsequent Events

Subsequent events have been evaluated through February 22, 2011, which is the date the financial statements were available to be issued.

NOTE C – RESTRICTED DEPOSITS AND FUNDED RESERVES

Replacement Reserve

The General Partners shall set aside, in a separate Partnership bank account, a repair and replacement reserve, to be funded on a monthly basis at an annual rate equal to the greater of \$300 per unit, or that required by the lender. Funding amounted to \$7,670 in 2010 and \$6,251 in 2009. Withdrawals amounted to \$0 in 2010 and \$0 in 2009. At December 31, 2010 and 2009, the balance in this account was \$13,921 and \$6,251, respectively.

Tenants' Security Deposits

This account consists of deposits made by tenants that are held in a separate bank account in the name of the project until either returned or forfeited. At December 31, 2010, this account was funded in an amount greater than the security deposit liability.

Operating Deficit Reserve

The General Partners shall establish and at all times maintain an operating deficit reserve in the amount of \$25,000, which shall be funded from the capital contribution of the Investor Limited Partner made pursuant to the Partnership Agreement. The operating deficit reserve account shall be jointly held in the name of the Partnership and the Administrative Limited Partner. Any withdrawal from the account requires the consent of the Administrative Limited Partner. At December 31, 2010, the balance in this account was \$25,224.

Real Estate Tax and Insurance Escrow

Transfers of sufficient sums are to be made to this account for payment of insurance and real estate taxes. Funding amounted to \$34,692 in 2010 and \$31,295 in 2009. Withdrawals amounted to \$30,479 in 2010 and \$28,126 in 2009. At December 31, 2010 and 2009, the balance in this account was \$7,382 and \$3,169, respectively.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE D – PARTNERS' CAPITAL

The Partnership has one General Partner – Partners-For-Progress Development Company, LLC; and two Limited Partners – Alliant Tax Credit 46, LLC, (Administrative Limited Partner), and Alliant MT 46, LLC, (Investor Limited Partner. The Partnership records capital contributions as received.

NOTE E – LONG-TERM DEBT

Construction Loan

Construction Loan financing was provided by Alliant Mortgage Company, LLC, an affiliate of the Limited Partner, in the amount of \$1,120,000. This loan is secured by the property and bears interest at 9.25% per annum, with payments of interest only required until loan maturity, and a maturity date of January 30, 2009. This loan was paid off in February 2009.

Mortgage Payable

Permanent financing was obtained from Enterprise Team, Inc. on February 4, 2010. The loan has a twenty year permanent mortgage with a forty year amortization period in the original amount of \$1,000,000. The loan bears an annual interest rate of 7.03% with monthly interest and principal payments of \$6,236, and one balloon payment in the year 2029. The loan had an outstanding balance of \$991,584 and accrued interest of \$5,809 at December 31, 2010. The non-recourse note is collateralized by buildings and land.

Aggregate maturities of long-term debt for the next five years and thereafter are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2011	\$ 5,293
2012	5,678
2013	6,090
2014	6,532
2015	7,007
Thereafter	\$ 960,984

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Development Deficits

The General Partner shall be entitled to advance sums for completion of Construction and shall be entitled to the repayment of such advances without interest to the extent that there are proceeds of the Permanent Loan or Investor Limited Partner Contributions available, after paying all other obligations of the Partnership incurred in connection with such Construction and the establishment of all required reserves or escrow accounts under the Project Documents, to repay such advances. Any such advances which are not so repaid shall be deemed a payment to the Partnership by the General Partner in the nature of a compromise, shall not be credited to the Capital Accounts of the General Partner, and shall not be repayable.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES (CONTINUED)

Operating Deficits

The General Partner hereby covenants to lend to the Partnership any Operating Loans required to fund Operating Deficits incurred by the Partnership during the Operating Deficit Guaranty Period and not obtainable from the Operating Deficit Reserve Account. Any loans shall be made and funded by the General Partner when the operating obligations of the Partnership giving rise to the Operating Deficit are due in fulfillment of the obligations of the General Partner to the Partnership, the Investor Limited Partner and the Administrative Limited Partner. In the event payments due hereunder are not paid by the General Partner within ten days, the Partnership, the Investor Limited Partner and/or the Administrative Limited Partner (the "Advancing Party"), has the right but not the obligation, to advance any such amounts required to be paid by the General Partner. Such advances shall at the election of the Advancing Party be deemed a loan to the General Partner and, in addition to all other rights and remedies available to the Advancing Party, the General Partner shall reimburse the Advancing Party the full amount of such funds advanced by it plus interest in such amount from the date so advanced at a rate per annum equal to the Interest Rate. In the event there is any Cash Flow and/or Sale or Refinancing Transaction Proceeds which would otherwise be payable to the General Partner, the Partnership shall first apply such funds to any unpaid amounts owed the Administrative Limited Partner and/or the Investor Limited Partner as the Advancing Party hereunder.

Asset Management Fee

Commencing on January 1, 2009 and for each year thereafter, the Partnership shall pay to the Investor Limited Partner an asset management fee of \$4,000 per annum for its services in reviewing the informational reports, financial statements and tax returns. Any portion of the Asset Management Fee which cannot be paid shall accrue without interest until there is sufficient cash flow or sale or refinancing proceeds to pay the outstanding accrued amount. For the year ended December 31, 2010, \$4,000 of asset management fees were accrued.

Developer Fee Payable

The Partnership has incurred a developer fee in the amount of \$615,000 to Partners-for-Progress Development Company, LLC, as its Managing General Partner, for services rendered to the Partnership for overseeing the construction and development of the complex. The development fee has been capitalized in the basis of the building. Development fees in the amount of \$0 and \$121,802 were paid in 2010 and 2009, respectively. As of December 31, 2010 and 2009, the balance of the developer fee payable was \$274,943 and \$274,943, respectively. On December 31, 2009 a promissory note was signed by the manager of Partners For Progress Development Company, LLC, to pay Brookstown Place Consulting, LLC the amount of \$206,207 representing 75% of the developer fee payable. This agreement is in accordance with the Amended & Restated Partnership Agreement and the Amended & Restated Consulting Agreement.

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

After giving effect to special allocations as set forth in the Partnership agreement, all profits and losses shall be allocated 0.01% to the General Partner, 0.01% to the Administrative Limited Partner, and 99.98% to the Investor Limited Partner.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS (CONTINUED)

Distributions of distributable cash from operations for each fiscal year will be made as follows:

- A) To the Investor Limited Partner in an amount equal to the unpaid Housing Tax Credit Shortfall Payment;
- B) To replenish any funds disbursed from the Operating Deficit Reserve Account until the Operating Deficit Reserve Account is funded to the Operating Reserve Amount;
- C) To pay interest on any loans, including Voluntary Loans (but excluding Operating Loans and Deferred Development Fee), from Partners or their Affiliates provided for herein, pro rata in accordance with the amount of interest accrued as of the date of such distribution;
- D) To repay principal of any loans, including Voluntary Loans (but excluding Operating Loans and Deferred Development Fee), payable to Partners or their affiliates, pro rata in accordance with the amount of the principal balances as of the date of such distribution;
- E) To pay in full any unpaid Asset Management Fees;
- F) To pay in full any unpaid and accrued management fee;
- G) To pay in full any unpaid Development Fee;
- H) To pay in full any Operating Loans;
- I) To pay the Supervisory Management Fee due pursuant to the Supervisory Agreement;
- J) To pay the Incentive Management Fee payable pursuant to the Supervisory Agreement;
- K) The balance to be paid 99.98% to the Investor Limited Partner, 0.01% to the Administrative Limited Partner, 0.01% to the General Partner.

NOTE H – CONTINGENCY

The Partnership's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

NOTE I – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Brookstown Place Subdivision. The Partnership's operations are concentrated in the affordable housing real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE J – MANAGEMENT AGENT

The Partnership has entered into an agreement with NDC Real Estate Management, Inc. to provide services in connection with rent-up, leasing and operation of the project. Management fees are charged at a rate of 6% of the collected rent. Management fees incurred for the years ended December 31, 2010 and 2009 were \$13,910 and \$12,151, respectively.

NOTE K – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net income (loss) to taxable income (loss) of the Partnership for the year ended December 31, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Financial Statement Net Income (Loss)	\$ (140,069)	\$ (127,945)
Adjustments:		
Excess of depreciation and amortization for income tax purposes over financial reporting purposes	<u>(8,936)</u>	<u>(24,192)</u>
Taxable Income (Loss) as Shown on Tax Return	<u>\$ (149,005)</u>	<u>\$ (152,137)</u>

NOTE L – ADVERTISING

The Partnership incurred advertising costs of \$396 in 2010 and \$0 in 2009. These costs are expensed as incurred.

NOTE M – INSURANCE CLAIM

On June 7, 2010, the Partnership experienced fire damage to one of its units. Subsequently, the Partnership filed a claim with its insurance carrier for the damages to the property. The claim was settled in July of 2010 and the Partnership was awarded \$21,559 in insurance proceeds. Total costs for repairs to the building are estimated to be \$38,361. As of December 31, 2010, restoration of the property had been completed.

SUPPLEMENTAL INFORMATION

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
MAINTENANCE AND REPAIRS		
Maintenance Salaries	5,804	6,468
Maintenance Supplies	1,389	905
Maintenance Contracts	1,919	1,196
Repairs & Maintenance	17,402	14,806
Grounds Maintenance	17,524	18,007
Pest Control	3,685	4,090
Total Maintenance and Repairs	<u>\$ 47,723</u>	<u>\$ 45,472</u>
UTILITIES		
Electricity	1,913	654
Water	621	217
Sewer	753	377
Total Utilities	<u>\$ 3,287</u>	<u>\$ 1,248</u>
ADMINISTRATIVE		
Advertising	396	-
Accounting	6,818	7,611
Manager Salary	12,845	13,717
Office Expense	4,649	3,658
Legal	1,214	238
Bad Debts	2,844	4,705
Administrative Travel	710	33
Staff Training	291	1,122
Bank Service Charges	39	68
Permits & Fees	-	185
Other Administrative	-	2,150
Telephone	3,446	3,193
Total Administrative	<u>\$ 33,252</u>	<u>\$ 36,680</u>
MANAGEMENT FEES		
Management Fee	13,910	12,151
Total Management Fees	<u>\$ 13,910</u>	<u>\$ 12,151</u>

BROOKSTOWN PLACE PARTNERSHIP, ALPIC
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
TAXES		
Real Estate Taxes	17,396	17,396
Payroll Taxes	1,292	2,602
Taxes & Permits	25	-
Total Taxes	<u>\$ 18,713</u>	<u>\$ 19,998</u>
INSURANCE		
Property/Liability Insurance	13,087	12,456
Other Insurance	46	-
Fidelity Bond	-	78
Workers Compensation	415	398
Hospitalization BC/BS	7,830	-
Total Insurance	<u>\$ 21,378</u>	<u>\$ 12,932</u>
INTEREST		
Mortgage Interest	69,869	71,381
Total Interest	<u>\$ 69,869</u>	<u>\$ 71,381</u>
DEPRECIATION AND AMORTIZATION		
Amortization	3,819	3,761
Depreciation	135,948	135,888
Total Depreciation & Amortization	<u>\$ 139,767</u>	<u>\$ 139,649</u>